

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2013

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lincoln Trail Area Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lincoln Trail Area Development District (LTADD), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise LTADD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lincoln Trail Area Development District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–8 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LTADD's basic financial statements. The accompanying combining statement of operations by program and supporting services is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining statement of operations by program and supporting services and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement by program and supporting services and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of LTADD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LTADD's internal control over financial reporting and compliance.



Certified Public Accountants

December 18, 2013

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

As management of the Lincoln Trail Area Development District (LTADD), we present readers of the LTADD's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the District's basic financial statements, which begin on page 9.

NATURE OF THE ORGANIZATION AND REPORTING ENTITY

LTADD was created in 1968 through articles of incorporation and Kentucky state law, for the purpose of economic development, planning and public administration services in an eight county region in North Central Kentucky. The agency is a voluntary association of local governmental units funded via contributions from member counties and cities, federal and state grant awards, and contractual arrangements for services.

In evaluating LTADD as a reporting entity, management has addressed its relationship with the local governments and concluded that, in accordance with the criteria set forth in Sections 2100 and 2600 of the Governmental Accounting Standards Codification; LTADD is a separate reporting entity.

FINANCIAL HIGHLIGHTS

The beginning adjusted net position for LTADD was \$1,615,054. The ending net position for the LTADD was \$1,689,332. LTADD's total net position increased by \$74,278 or just under 4.6%, from this period last year. In the prior year, net position increased by \$53,065.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts (A) management's discussion and analysis (this section), (B) the basic financial statements, (C) required supplementary information, and (D) an optional section that presents a combining statement of operations by program and supporting services. The basic financial statements include two kinds of statements that present different views of LTADD:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about LTADD's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of LTADD, reporting LTADD's operations in more detail than the government-wide statements, and reporting the short-term information only.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that provides additional information related to the financial statements.

Government-wide Financial Statements

The government-wide statements report information about LTADD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received and paid.

The two government-wide statements report LTADD's net position and how they have changed. Net position – the difference between LTADD's assets and liabilities – are one way to measure LTADD's financial health.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2013

Fund Financial Statements

The fund financial statements provide more detailed information about LTADD's most significant funds – not LTADD as a whole. Funds are accounting devices that LTADD uses to keep track of specific sources of funding and spending for particular purposes.

LTADD has two kinds of funds:

- General Fund – This fund focuses on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balance left at year-end that is available for spending. Consequently, the general fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance LTADD's programs.
- Special Revenue fund – Includes all grant programs and services operated by LTADD that are restricted for a special purpose.

FINANCIAL ANALYSIS OF LTADD AS A WHOLE

Table 1: Condensed Statements of Net Position

	2013	2012	Dollar Change	Percent Change
Assets				
Current Assets	\$2,496,847	\$2,621,673	-\$124,826	-4.76%
Revolving Loan Fund Receivables, net	211,731	273,673	-61,942	-22.63%
Capital assets, net	80,596	75,131	5,465	7.27%
Total Assets	\$2,789,174	\$2,970,477	-\$181,303	-6.10%
Liabilities				
Current Liabilities	\$1,099,842	\$1,355,423	-\$255,581	-18.86%
Net Position				
Invested in Capital Assets	80,596	75,131	5,465	7.27%
Restricted	360,906	388,576	-27,670	-7.12%
Unrestricted	1,247,830	1,151,347	96,483	8.38%
Total Net Position	1,689,332	1,615,054	74,278	4.60%
Total Liabilities and Net Position	\$2,789,174	\$2,970,477	-\$181,303	-6.10%

LTADD's net position increased by a little less than 5% for the year ended June 30, 2013. The FY13 ending ratio of current assets to current liabilities is 2.27, a little more than 2 times. Total net position represented 61% of total assets. Cash decreased by \$617,509, grant receivables increased by \$468,408, accounts payable decreased by \$130,304, funds due to grantor decreased by \$56,534 and deferred revenue decreased by \$20,589 from the June 30, 2012 figures. The most significant change in grant receivables was \$598,302 due from the Department of Aging and Independent Living; this was a \$540,630 increase in Aging receivables from the prior year.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED

June 30, 2013

Table 2: Condensed Statement of Revenues, Expenses and Change in Net Position

	2013	2012	Dollar Change	Percent Change
Revenues				
Operating Grants and Contributions	\$9,621,476	\$10,096,347	-\$474,871	-4.70%
Charges for Services	40,707	79,713	-39,006	-48.93%
Member Dues	80,738	72,964	7,774	10.65%
Interest	9,130	15,291	-6,161	-40.29%
Revolving Loan Fund – Loan Loss				
Allowance Recovery	--	12,591	-12,591	100.00%
Other Non-Budget Revenue	9	16,469	-16,460	-99.95%
Total Revenues	\$9,752,060	\$10,293,375	-\$541,315	-5.26%
Expenses				
General Government	187,324	222,980	-35,656	-15.99%
Community and Economic Development	515,481	1,076,712	-561,231	-52.12%
Revolving Loan Fund	35,258	7,656	27,602	360.53%
Employment and Training	3,320,029	3,455,097	-135,068	-3.91%
Social Services	5,380,248	5,261,362	118,886	2.26%
Transportation	238,247	216,503	21,744	10.04%
Loss on Disposal of Capital Assets	1,195	--	1,195	--
Total Expenses	\$9,677,782	\$10,240,310	-\$562,528	-5.49%
Increase in Net Position	\$74,278	\$53,065	\$21,213	39.98%

Revenues:

LTADD recognized a \$541,315 or approximately a 5.3% decrease in revenue in FY 2013 when compared to revenue recognized the FY 2012 period. The current year's decrease can be attributed to the end of the Army Compatible Use Buffer program which reduced revenue in FY13 by \$325,069 and to a \$247,157 reduction in funding for the Office of Economic Adjustment program from the prior year. There was also a decrease in Workforce Investment Act formula and initiative funding which has been offset by an increase in Social Services funding.

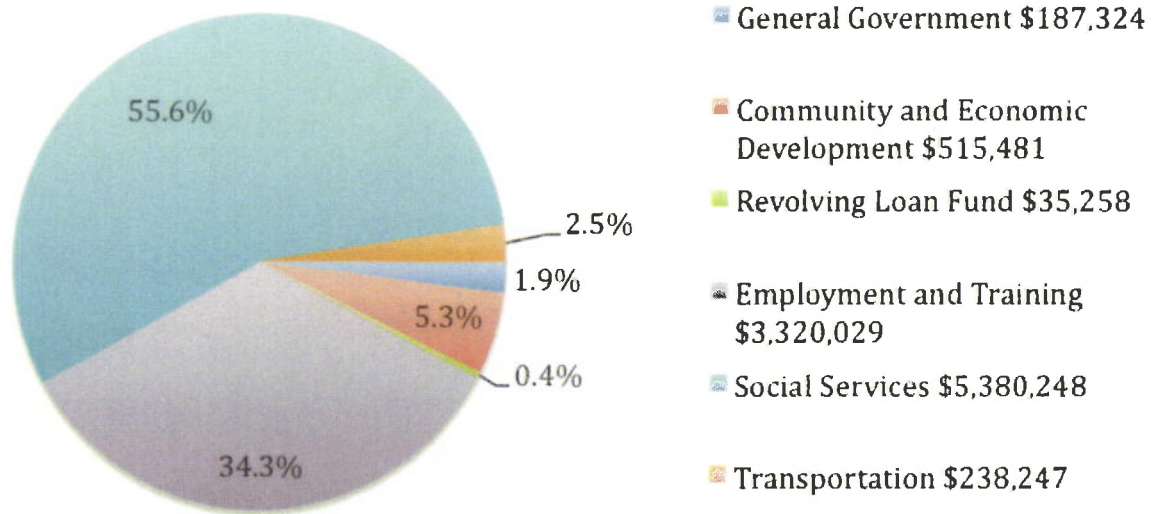
Expenses:

LTADD recognized approximately a 5.5% decrease in expenses in FY 2013 over the prior period. The decrease in expenses were due primarily to decreased revenue in the Community and Economic Development and Workforce Investment Act programs and mirrors the decrease in revenues identified above. Our net position increased by \$74,278 in the FY13 fiscal year, our increase was a \$21,213 improvement in comparison to the prior year increase of \$53,065. The increase in net position is due primarily to the closure of a number of district contracts that were invoiced in the current year and for which the bulk of the expenses were incurred in prior years.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED**

June 30, 2013

LTADD expenses cover a range of services. The following pie chart outlines the percentages and amounts expended by activity. About 56% of the expenditures were associated with Social Service type activities and 34% were associated with Employment and Training activities.

LTADD Expenses by Operational Area

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

June 30, 2013

BUDGETARY HIGHLIGHTS

- **COMMUNITY & ECONOMIC DEVELOPMENT (CED)** – The programs administered by the CED comprise the original functions and core activities of LTADD assistance to local governments. Furthermore, inside the CED itself, the Joint Funding Administration (JFA) program covers the primary component of the Community and Economic Development Department – historically, the JFA serves as the original, base funding of all ADDs. The funding foundation of the JFA program has remained consistent since 1998. In FY 13 there was a decrease in state funds due to reductions in JFA state planning dollars as a part of Kentucky State Government budget reductions that was accompanied by a decrease in federal funds.
- As a component of ongoing growth assistance to the region, the LTADD received \$54,294 in Federal Fiscal Year (FFY) 2013 from the U. S. Department of Defense - Office of Economic Adjustment (OEA) and \$18,099 in local match from One Knox Policy Council members. These funds allowed the LTADD to finalize necessary analysis & research, information outreach and staffing oversight to the region for Fort Knox growth under Base Realignment and Closure (BRAC) 2005. The project was closed out in September 2013 to correspond with the FFY.
- The role of the LTADD in Homeland Security increased slightly in FY 13 resulting in a \$23,148 increase in funding. The vast majority of Kentucky Office of Homeland Security (KOHS) funding is utilized as pass-through to local units of government.
- The Army Compatible Use Buffer (ACUB) program was closed out in this region and this was reflected in a decrease of \$325,069 in federal funds.
- The overall Transportation Planning component of the LTADD (Metropolitan and Rural) saw an overall increase in FY 13 of \$22,896 in federal, state and local matching funds. The majority of this increase came in the area of Public Transportation Planning where we utilized \$22,700 in federal and local funds. Other increases in planning funds helped offset a decrease of \$9,710 in mapping programs.
- **WORKFORCE INVESTMENT** – Again, the programs of the Workforce Investment Act (WIA) preformed by the LTADD Employment and Training Department accounted for a 3% decrease in revenues in the past fiscal year. As in the past, the main impact was due to WIA funds received in prior years from the US Department of Labor (DOL). Those funds decreased due to slight reductions in federal funding in overall WIA programs. The decrease in traditional WIA funds and other employment and training programs totaled \$109,791 as compared to the FY12 WIA funding levels.
- **SOCIAL SERVICES** – Kentucky's Area Development Districts (ADDs) social services funding levels once again remain relatively stable. This is somewhat misleading, as there were cuts in both our traditional state-funded programs and federal programs through the Older Americans Act. Kentucky's programs both financially match and complement the federal programs comprising the Older Americans Act. Virtually all funding in state programs is designed to keep seniors (and those who are disabled) in their homes and in the community rather than in institutional settings. Combined federal and state revenue decreased in these areas by \$18,832 over Social Services' FY12 funding levels. The program that allowed the region to witness an increase in overall Aging Services funding is the Home & Community Based Consumer Directed Option (CDO), which saw an increase of \$140,264. Increases in CDO programmatic and financial areas of the LTADD offset the state and federal funding reductions noted above.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED

June 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At year-end 2013, LTADD had invested \$583,136 in capital assets, including vehicles, office furniture, office equipment and computers. Overall, net capital assets increased by \$5,465 from last year. More detailed information about LTADD's capital assets is presented in Note G to the financial statements.

Long-term Debt

At year-end 2013, LTADD had \$6,224 in outstanding debt – a decrease of 14% from last year. More detailed information about LTADD's long-term liabilities is presented in Note H to the financial statements.

NEXT YEAR'S BUDGET

LTADD's FY 2014 budget was based on actual information received from the federal, state and local government contracts as of August 2013. Revenues and expenditures were budgeted at \$9,027,146, which is approximately a 7% decrease from the FY 2013 actual amounts expended.

FUTURE OPERATIONS

Federal, state, and local governments fund a majority of all programs and projects administered by LTADD. A significant reduction in federal, state or local funding, if this were to occur, would have a significant, material affect on LTADD's future operation.

REQUEST FOR ADDITIONAL INFORMATION

This report is intended to provide readers with a general overview of LTADD's finances and to provide information regarding the receipts and uses of funds. If you need clarification regarding a statement(s) made in this report or need additional information please contact the Lincoln Trail Area Development District, Attention: Fiscal Officer, PO Box 604, Elizabethtown, KY 42702-0604.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF NET POSITION

June 30, 2013

ASSETS

Cash and cash equivalents	\$1,111,459
Grant receivables	1,296,491
Other receivables	79,295
Prepaid expenses	9,602
Revolving loan fund receivables, net of allowance	211,731
Capital assets, net of depreciation	80,596
Total Assets	\$2,789,174

LIABILITIES AND NET POSITION

Liabilities

Accounts payable	\$430,800
Payable to related party	284
Unearned grant revenue due to grantor	380,778
Deferred revenue	41,317
Accrued wages	127,172
Payroll withholdings and accruals	20,330
Compensated absences	92,937
Revolving loans payable	6,224
Total Liabilities	1,099,842

Net Assets

Net Investment in capital assets	80,596
Restricted for Revolving Loan Fund	360,906
Unrestricted	1,247,830
Total Net Position	1,689,332
Total Liabilities and Net Position	\$2,789,174

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Direct Expenses	Indirect Costs Allocated	Charges for Services	Operating Grants and Contributions	
Governmental activities:					
General government	\$140,585	\$46,739	\$29,048	\$150,669	-\$7,607
Community and economic development	412,684	102,797	--	508,441	-7,040
Revolving loan funds	33,882	1,376	11,659	--	-23,599
Employment and training	3,084,699	235,330	--	3,335,742	15,713
Social services	5,071,089	309,159	--	5,399,770	19,522
Transportation	175,408	62,839	--	226,854	-11,393
Total Revenues	\$8,918,347	\$758,240	\$40,707	\$9,621,476	-14,404
General Revenues:					
Member Dues					80,738
Interest					9,130
Other non-budget revenue					9
Total general revenues					89,877
Loss on Disposal of Capital Assets					-1,195
Change in Net Position					74,278
Net position, beginning of year					1,615,054
Net position, end of year					\$1,689,332

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS

June 30, 2013

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and cash equivalents	\$579,859	\$531,600	\$1,111,459
Interfund receivables	676,832	438,765	1,115,597
Grant receivables	--	1,296,491	1,296,491
Other receivables	--	79,295	79,295
Prepaid expenses	--	9,602	9,602
Total Assets	<u>\$1,256,691</u>	<u>\$2,355,753</u>	<u>\$3,612,444</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable	\$0	\$430,800	\$430,800
Payable to a related party	--	284	284
Interfund payables	2,637	1,112,960	1,115,597
Unearned revenue due to grantor	--	380,778	380,778
Deferred revenue	--	41,317	41,317
Accrued wages	--	127,172	127,172
Payroll withholdings and accruals	--	20,330	20,330
Total Liabilities	<u>2,637</u>	<u>2,113,641</u>	<u>2,116,278</u>
Fund balances:			
Nonspendable	9,602	--	9,602
Restricted	--	149,175	149,175
Committed	--	92,937	92,937
Assigned	6,224	--	6,224
Unassigned	1,238,228	--	1,238,228
Total Fund Balances	<u>1,254,054</u>	<u>242,112</u>	<u>1,496,166</u>
Total Liabilities and Fund Balances	<u>\$1,256,691</u>	<u>\$2,355,753</u>	<u>\$3,612,444</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2013

Total Fund Balances - Governmental Funds**\$1,496,166**

Amounts reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds:

Cost	\$583,136	
Accumulated depreciation	<u>-502,540</u>	80,596

Long-term restricted assets are not available to pay for current period expenditures:

Revolving loan fund receivables	285,300	
Revolving loan fund bad debt allowance	<u>-73,569</u>	211,731

Long-term liabilities are not due and payable in the current period, and therefore are not reported as liabilities in governmental funds:

Revolving loans payable	-6,224	
Compensated absences	<u>-92,937</u>	<u>-99,161</u>

Net Position of Governmental Activities**\$1,689,332**

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

Year Ended June 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Funds
Revenues:			
Intergovernmental revenue	\$179,717	\$8,948,243	\$9,127,960
Local revenue	56,366	272,860	329,226
Program income	--	110,397	110,397
Interest income	8,234	12,377	20,611
Other income	14,411	14,869	29,280
In-kind contributions	--	148,988	148,988
Total Revenues	258,728	9,507,734	9,766,462
Expenditures:			
General government	173,723	--	173,723
Community and economic development	--	513,996	513,996
Revolving loan fund	--	8,361	8,361
Employment and training	--	3,338,441	3,338,441
Social services	--	5,383,796	5,383,796
Transportation	--	238,596	238,596
Capital outlay	13,947	--	13,947
Debt service-principal	1,050	--	1,050
Debt service-interest	63	--	63
Total Expenditures	188,783	9,483,190	9,671,973
Excess of Revenues Over Expenditures	69,945	24,544	94,489
Other Financing Sources (Uses)			
Operating transfers in (out)	27,890	-27,890	--
RLF principal received	--	35,045	35,045
Total Other Financing Sources	27,890	7,155	35,045
Net Change in Fund Balances	97,835	31,699	129,534
Fund Balances, Beginning of Year	1,156,219	210,413	1,366,632
Fund Balances, End of Year	<u>\$1,254,054</u>	<u>\$242,112</u>	<u>\$1,496,166</u>

See notes to financial statements.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$129,534
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	\$44,440	
Depreciation expense	-37,780	
Loss on disposal of capital assets	-1,195	
	5,465	5,465

The net decrease in long-term restricted net assets of the revolving loan fund does not use current financial resources, and thus is not reported in the governmental funds:

Change in revolving loan fund receivables, net of allowance	-61,941
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The net decrease in long-term liabilities does not provide current financial resources, and thus is not reported in the governmental funds:

Change in revolving loans payable	1,050
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Certain expenses reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in governmental funds:

Change in compensated absences liability	170
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Change in Net Position of Governmental Activities	\$74,278
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LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30, 2012

NOTE A – REPORTING ENTITY

The Lincoln Trail Area Development District (the District) was established under the laws of the Commonwealth of Kentucky by KRS 147A.050(4). The Attorney General in OAG 78-534 held that Area Development Districts are political subdivisions of the Commonwealth of Kentucky. As an Area Development District, the Lincoln Trail Area Development District has entered into various agreements, memoranda of agreements and contracts, all of which are subject to the financial management policies of the District.

The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since members of the District's Board of Directors are elected officials, or are appointed by elected officials, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Basis of Presentation – Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. All of the District's activities are governmental and thus the statements reflect no business-type activities.

The government-wide statements are prepared using the economic resources measurements focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service program or department and are, therefore, clearly identifiable to a particular program. Indirect costs are expenses that are not specifically identifiable to a particular program and are therefore allocated to the various programs. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of program expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

LTADD classifies net position in the government-wide financial statements as follows:

- Net investment in capital assets includes capital assets, net of depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net position includes assets that have third-party (statutory, bond covenant, or grant agency) limitations on their use. LTADD typically uses restricted assets first but reserves the right to selectively defer the use until a future project.
- Unrestricted net position typically includes unrestricted liquid assets. The Board of Directors has the authority to revisit or alter this designation.

Fund Financial Statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. This District has neither nonmajor funds nor fiduciary funds.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

Year Ended June 30, 2013

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the changes in fund balances.

The District has the following governmental funds:

The General Fund is the main operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund, and any fund balances are considered as resources available for use. This is a major fund of the District.

The Special Revenue Fund accounts for proceeds of specific revenue sources that are legally restricted to disbursements for special purposes. It includes federal financial programs where unused balances may be returned to the grantor at the close of the special project periods, as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.

- (2) Basis of Accounting – Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Non-Exchange Transactions – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Non-Exchange Transactions, in which the District receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from Non-Exchange Transactions must also be available before it can be recognized.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the costs have been earned and eligibility requirements are met would be recorded as deferred revenue.

Unearned Grant Revenue Due to Grantor – Unearned grant revenue due to grantor includes grant revenues received but not earned for District grants, contracts, and MOA's for which expenditure time limitations have expired.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS, Continued

Year Ended June 30, 2013

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in net position as an expense with a like amount reported as donated commodities revenue. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to first apply restricted resources.

Interfund Receivables and Payables are used to account for obligations due to and from the General Fund and the Special Revenue Fund in the governmental funds but are eliminated in the government wide financial statements.

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

- (3) Budgetary Principles – The District is not legally required to adopt a budget; however, a budget is prepared using the grants management basis of accounting for each fiscal year and is approved by the Board of Directors.
- (4) Cash Equivalents – For purposes of financial statement presentation, LTADD classifies certificates of deposit as cash equivalents.
- (5) Allowance for Loan Losses – The allowance for loan losses for the revolving loan fund is maintained at a level, considered by management, to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon a review of individual credits, recent loss experience and current economic conditions. The allowance is increased by the provision for loan losses and reduced by net charge-offs.
- (6) Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by LTADD as assets with an initial, individual cost of more than \$500. Such assets are recorded at historical costs.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of LTADD are depreciated principally using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Vehicles and equipment	3 – 7 years
Equipment – grants	5 years

- (7) Compensated Absences – The compensated absences liability included in the balance sheet represents earned vacation available to employees, up to a maximum of 150 hours, at current compensation rates.
- (8) Recognition of Revenue – Grant revenue is recognized to the extent that expenditures are incurred in the manner specified by the grants and matching requirements are met.
- (9) Cost Allocation – Direct and shared costs allocations are based upon a written cost allocation plan which meets the requirements of the Office of Management and Budget Circular No. A-87, Cost principles for State and Local Governments, and is approved by the Department for Local Government.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

Year Ended June 30, 2013

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

- (10) Fund Balance Classification – In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", fund balances are reported in the classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following are the fund balance categories and the distinctions between each:
- a. Nonspendable – amounts that are not in a spendable form (such as inventory or prepaid expenses) or that are required to be maintained intact.
 - b. Restricted – amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
 - c. Committed – amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, such as a Board of Directors. Amounts committed cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
 - d. Assigned – are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
 - e. Unassigned – is the residual classification for the government.
- (11) Income Taxes – LTADD is exempt from federal and state income taxes by virtue of being a unit of local government under Regulation 103 KAR 30:225E and, accordingly, the financial statements include no provision for such taxes.
- (12) Subsequent Events – Management has evaluated subsequent events through December 18, 2013, which is the date the financial statements are available to be issued.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

Year Ended June 30, 2013

NOTE C – ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE D – DEPOSITS / CASH AND CASH EQUIVALENTS

Custodial credit risk for deposits is the risk that in the event of a bank failure, a government's deposits may not be returned to it.

The Kentucky Revised Statutes authorize LTADD to invest money subject to its control in obligations of the United States; bonds or certificates of indebtedness of Kentucky and its agencies and instrumentalities; savings and loan associations insured by an agency of the United States up to the amount insured; and national or state banks chartered in Kentucky and insured by an agency of the United States providing such banks pledge as security obligations, as permitted by KRS 41.240(4), having a current quoted market value at least equal to uninsured deposits.

At June 30, 2013, \$1,072,326 of LTADD's bank balances of \$1,322,326 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ –
Uninsured and collateral held by pledging financial institution in LTADD's name	<u>1,072,326</u>
Total	<u>\$1,072,326</u>

NOTE E – FEDERAL AND STATE ADMINISTRED GRANT RECEIVABLES

Federal and state administered grant receivables consist of receivables for reimbursements of expenditures under various programs and grants. All amounts are expected to be collected within the next year. Grant receivables at June 30, 2013 consisted of the following:

FY' 13	
Kentucky Infrastructure Authority	\$45,000
Cabinet for Heath & Family Services - Aging	598,302
Prescription Assistance Program	12,860
KY Transportation Cabinet	40,777
Homeland Security	7,854
Office of Economic Adjustment - One Knox Staffing	10,573
Central KY Community Action	3,500
Division of Aging Services – Consumer Directed Options	283,311
KY Cabinet for Workforce Development	<u>294,314</u>
	<u>\$1,296,491</u>

NOTE F – REVOLVING LOAN FUND RECEIVABLES

The Revolving Loan program was established in 1987 with 75% or \$500,000 of the funding coming from a Special Economic Development and Assistance grant from the Economic Development Administration (EDA) and a 25% or \$166,667 match provided by the LTADD. As of June 30, 2013, there were eight active loans with an outstanding principal balance of \$285,300. Of the eight active loans outstanding, one is in default, with Bankruptcy protection,

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

Year Ended June 30, 2013

NOTE F – REVOLVING LOAN FUND RECEIVABLES, Continued

with \$31,121 of outstanding principal at risk. LTADD is working with an attorney on the bankruptcy; proofs of claim have been filed and we are awaiting judgment for this case. An additional allowance of \$42,448 is carried on two loans, which are in default at June 30, 2013 but are not in bankruptcy protection. The Loan Officer is working with the two loans in default without bankruptcy protection and periodic payments have been made on these loans.

The revolving loan fund receivables at June 30, 2013, are summarized as follows:

Principal balance of loans outstanding	\$285,300
Allowance for loan losses	<u>-73,569</u>
Revolving loan fund receivables, net of allowance	<u>\$211,731</u>

An analysis of the allowance for loan losses is as follows:

Estimated allowance for loan losses, June 20, 2012	\$ 46,672
Recoveries of loans previously reserved	--
Provisions for the year	26,897
Loans charged off	<u>--</u>
Estimated allowance for loan losses, June 30, 2013	<u>\$ 73,569</u>

Recoveries and provisions are recorded in the statement of activities. There were no recoveries of loans previously written off for the year ended June 30, 2013. In management's opinion, all known and anticipated loan losses have been either written off or adequately provided for in the allowance for loan losses.

NOTE G – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Vehicles and Equipment	\$306,817	\$13,947	\$38,450	\$282,314
Equipment - Grant Purchased	<u>312,371</u>	<u>30,493</u>	<u>42,042</u>	<u>300,822</u>
Total Costs	<u>619,188</u>	<u>44,440</u>	<u>80,492</u>	<u>583,136</u>
Less Accumulated Depreciation				
Vehicles and Equipment	279,161	14,402	38,450	255,113
Equipment - Grant Purchased	<u>264,896</u>	<u>23,378</u>	<u>40,847</u>	<u>247,427</u>
Total Accumulated Depreciation	<u>544,057</u>	<u>37,780</u>	<u>79,297</u>	<u>502,540</u>
Net Capital Assets, Adjusted	<u>\$75,131</u>	<u>\$6,660</u>	<u>\$1,195</u>	<u>\$80,596</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

Year Ended June 30, 2013

NOTE G – CAPITAL ASSETS, continued

Depreciation expense was charged to governmental functions as follows:

General government	\$14,402
Community & economic development	5,132
Revolving loan fund	--
Employment and training	8,863
Social services	8,566
Transportation	817
Total depreciation expense	<u>\$37,780</u>

NOTE H – REVOLVING LOANS PAYABLE

The District participates in the Non-profit Housing Production Loan Program administered by the Kentucky Housing Corporation, whereby the District receives funds for the purpose of making low interest loans to eligible applicants. The District is required to repay these loan program funds to the Kentucky Housing Corporation in annual installments plus interest at the rate of 1% per annum, paid quarterly. The following is a summary of future maturities under this loan program:

Year ending June 30	
2014	\$ 1,050
2015	1,050
2016	1,050
2017	1,050
2017 and thereafter	<u>2,024</u>
	<u>\$6,224</u>

NOTE I – DEFINED BENEFIT RETIREMENT PLAN

The District participates in the County Employees Retirement System (CERS) pension plan (Plan). CERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all regular full-time members employed in non-hazardous and hazardous duty positions of each county and school board, and any additional eligible local agencies elected to participate in the Kentucky Retirement System. The Plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may be extended to beneficiaries of Plan members under certain circumstances. Cost of living adjustments (COLA) are provided at the discretion of the State legislature. The Kentucky Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Kentucky Retirement System, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601.

All CERS plan members are required to contribute 5.0% of their annual creditable compensation and the District is required to contribute at an actuarially determined rate. Members with a participation date on or after September 1, 2008 will contribute an additional 1% to be deposited into the KRS Insurance Fund. LTADD has five employees hired after September 1, 2008 who are required to contribute the additional 1%. The table below summarizes employer contribution rates and amounts contributed to the Plan for the year ending June 30, 2013 and the preceding two years.

Year Ended June 30	Contribution Rate		Creditable	Employee	Employee	Employer	Total
	Employee	Employer	Compensation	Contribution	1% Insurance	Contribution	Contribution
2013	5.0%	19.55%	1,466,180	73,309	1,776	286,623	361,708
2012	5.0%	18.96%	1,529,591	76,480	1,489	289,982	367,951
2011	5.0%	16.93%	1,576,413	78,821	752	266,873	346,446

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

June 30, 2013

NOTE J – RELATED PARTY TRANSACTIONS AND RENTAL COMMITMENTS

The District has entered into a lease agreement, which is a cancelable operating lease agreement for office space and storage with Lincoln Trail Development Foundation, Inc (the Foundation). The lease agreement is on an annual basis. The rental charge is computed based on the actual cost of providing the space. The annual rental cost totaled \$17,720 for the year ended June 30, 2013.

NOTE K – FUND BALANCES

Fund balances at June 30, 2013 are classified as follows: Nonspendable in the amount of \$9,602 represents amounts that cannot be spent due to form and correspond to prepaid expenses; Restricted by contractual provisions for the Revolving Loan Fund in the amount of \$149,175; Committed for the purpose of funding compensated absences in the amount of \$92,937; and Assigned for the intent of funding revolving loans payable in the amount of \$6,224. Committed and assigned fund balance classifications are determined by action of the Board of Directors.

NOTE L – BUDGET BASIS REVENUES AND EXPENDITURES

The District maintains accounting records utilizing the grants management (budget) basis of accounting for grant and financial reporting purposes. Certain differences exist between the grants management (budget) basis of accounting and the governmental fund basis of accounting reported in the fund financial statements. The amounts reported are reconciled as follows:

Grants Management (Budget) Basis Revenues	\$9,809,382
State funds applied as match for federal funds in social services programs	<u>-42,920</u>
Fund Financial Statement Revenues	<u>\$9,766,462</u>
Grants Management (Budget) Basis Expenditures	\$9,714,128
State funds applied as match for federal funds in social services programs	-42,920
Change in compensated absences liability not recognized in fund financial statements	170
Agency owned assets are depreciated for budget basis but expensed in fund financial statements:	
Expense capital assets purchased with agency funds	13,947
Depreciation expense on agency owned assets	-14,402
Debt service expense recognized in the fund financial statements	<u>1,050</u>
Fund Financial Statement Expenditures	<u>\$9,671,973</u>

NOTE M – RISK MANAGEMENT

LTADD is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. LTADD participates in the Kentucky Association of Counties All Lines Fund (KALF), a public entity risk pool currently operating as a common risk management and insurance program for the Counties of Kentucky and their sub agencies. LTADD pays an annual premium to KALF for insurance coverage for certain risks of loss, including workers' compensation and general liability. The Coverage Agreement provides that KALF will be self-sustaining through member contributions, premiums and assessments and will reinsure through commercial companies for property related claims in excess of \$250,000 for each insured event.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**NOTES TO FINANCIAL STATEMENTS, Continued**

June 30, 2013

NOTE N – CONCENTRATION OF RISK

During the year ended June 30, 2013, the District received approximately 98.7% of its revenue from federal, state and local grants, and the related in-kind match and program income. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, it is determined that funds have not been used for the intended purpose, the grantor may request a refund of monies advanced, or refuse to reimburse the District for its expenditures. The amount of such future refunds and unreimbursed expenditures, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantor's satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

NOTE O – IMPACT OF RECENTLY ISSUED ACCOUNTING PRINCIPLES

In fiscal year 2013, LTADD implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows and resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Under this guidance, the statement of net assets has been renamed the statement of net position and includes the following elements: assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. LTADD has no deferred outflows or inflows of resources for the fiscal year ended June 30, 2013.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS – GRANTS MANAGEMENT BASIS

June 30, 2013

	Original and Final Budget	Actual Amounts
Revenues:		
Intergovernmental revenues	\$10,719,588	\$9,127,960
Local revenues	128,826	329,226
Program income	95,806	110,397
Interest income	26,340	20,611
Other income	49,500	29,280
In-kind contributions	163,129	191,908
Total Revenues	11,183,189	9,809,382
Expenditures:		
Personnel	2,320,290	2,308,411
Contractual Services	4,631,083	4,403,303
Client Services/Program Costs	3,759,177	2,512,289
Travel	95,468	80,575
Training	15,995	22,337
Ads, printing, publishing, and copies	19,702	17,532
Equipment rent and maintenance	36,435	45,389
Grant purchased equipment	13,600	30,494
Supplies and postage	40,621	40,577
Telephone	24,908	22,111
Dues and registrations	44,300	47,358
Other costs	41,501	36,012
Rent	84,906	91,726
Insurance	13,600	13,094
In-Kind expenses	41,603	42,920
Total Expenditures	11,183,189	9,714,128
Excess Revenue over Expenditures	\$0	95,254
Fund balance, beginning of year		1,614,251
Fund balance, end of year		\$1,709,505

Note A: The LTADD budget is prepared on the grants management basis of accounting for the General Fund and the Special Revenue Fund combined, as approved by the Board of Directors.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	Joint Funding Agreement	Kentucky Infrastructure Authority	OEA Dept of Defense One Knox Grant FY 13	CWK - Broadband Outreach & Development	KOHS Mobile Radios FY12	KOHS Citizen Corp FY12
Revenues						
Intergovernmental Revenue	\$ 210,944	\$ 90,000	\$ 54,294	\$ 8,800	\$ 87,220	\$ 314
Local Revenue	3,062	1,039	18,099	-	4,778	-
Program Income	-	-	-	-	-	-
Interest Income	-	-	-	-	201	-
Other Income	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-
Total revenues	214,006	91,039	72,393	8,800	92,199	314
Expenditures						
Personnel	142,548	58,562	18,444	5,968	2,150	659
Contractual Services	-	-	44,000	-	87,220	(620)
Client Services/Program Costs	-	-	-	-	-	-
Travel	235	461	548	-	-	-
Training	300	2,161	-	-	-	-
Ads, Printing, Publications & Copies	444	140	-	-	1,669	5
Equipment Rent and Maintenance	2,184	2,483	948	-	-	-
Capital Outlay (Equipment)	1,751	-	-	-	-	-
Supplies and Postage	349	100	-	-	-	5
Telephone	941	22	-	-	-	-
Dues and Registrations	1,646	978	222	125	-	-
Other Costs	-	-	-	-	201	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	30,184	12,400	3,906	1,264	455	120
Indirect Administration Costs	17,294	7,105	2,237	724	261	78
Shared/Common Costs	16,130	6,627	2,088	675	243	67
Total expenditures	214,006	91,039	72,393	8,756	92,199	314
Revenues over (under) expenditures	-	-	-	44	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	(44)	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	KOHS Citizen Corp FY13	Breck Co Comm Repeaters FY12	COMMUNITY & ECONOMIC DEVELOPMENT TOTAL	KTC Regional Transportation	KTC Metropolitan Planning Organization	MPO - Public Transp Implementation Study FY13
Revenues						
Intergovernmental Revenue	\$ 12,262	\$ 21,420	\$ 485,254	\$ 78,254	\$ 94,690	\$ 18,160
Local Revenue	-	1,537	28,515	9,409	17,880	4,540
Program Income	-	-	-	-	-	-
Interest Income	-	46	247	-	-	-
Other Income	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-
Total revenues	12,262	23,003	514,016	87,663	112,570	22,700
Expenditures						
Personnel	1,041	1,063	230,435	58,464	75,254	-
Contractual Services	4,971	21,420	156,991	-	-	22,700
Client Services/Program Costs	2,820	-	2,820	-	-	-
Travel	-	-	1,244	781	92	-
Training	-	-	2,461	-	759	-
Ads, Printing, Publications & Copies	10	-	2,268	98	920	-
Equipment Rent and Maintenance	-	-	5,615	1,081	1,081	-
Capital Outlay (Equipment)	-	-	1,751	-	-	-
Supplies and Postage	2,955	-	3,409	20	49	-
Telephone	-	-	963	-	-	-
Dues and Registrations	-	-	2,971	1,131	835	-
Other Costs	-	46	247	-	-	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	221	225	48,775	12,379	15,935	-
Indirect Administration Costs	126	129	27,954	7,093	9,130	-
Shared/Common Costs	118	120	26,068	6,616	8,515	-
Total expenditures	12,262	23,003	513,972	87,663	112,570	22,700
Revenues over (under) expenditures	-	-	44	-	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	(44)	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	Federal Transit Administration	Inventory of Highway Signs	TRANSPORTATION TOTAL	EDA RLF Administration	EDA RLF Loan Program	REVOLVING LOAN FUND TOTAL
Revenues						
Intergovernmental Revenue	\$ 11,600	\$ -	\$ 202,704	\$ -	\$ -	\$ -
Local Revenue	3,784	265	35,878	-	-	-
Program Income	-	-	-	-	-	-
Interest Income	-	-	-	-	12,130	12,130
Other Income	-	-	-	6,154	(5,975)	179
In-Kind Contributions	-	-	-	-	-	-
Total revenues	15,384	265	238,582	6,154	6,155	12,309
Expenditures						
Personnel	6,935	189	140,842	3,082	-	3,082
Contractual Services	4,500	-	27,200	2,479	-	2,479
Client Services/Program Costs	434	-	434	-	-	-
Travel	-	-	873	3	-	3
Training	-	-	759	-	-	-
Ads, Printing, Publications & Copies	-	-	1,018	22	-	22
Equipment Rent and Maintenance	420	-	2,582	1,291	-	1,291
Capital Outlay (Equipment)	-	-	-	-	-	-
Supplies and Postage	-	-	69	41	-	41
Telephone	-	-	-	-	-	-
Dues and Registrations	-	-	1,966	-	-	-
Other Costs	-	-	-	67	-	67
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	1,469	35	29,818	653	-	653
Indirect Administration Costs	841	22	17,086	374	-	374
Shared/Common Costs	785	19	15,935	349	-	349
Total expenditures	15,384	265	238,582	8,361	-	8,361
Revenues over (under) expenditures	-	-	-	(2,207)	6,155	3,948
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	(2,207)	6,155	3,948
Fund balances, beginning of year	-	-	-	2,404	428,123	430,527
Fund balances, end of year	\$ -	\$ -	\$ -	\$ 197	\$ 434,278	\$ 434,475

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	Workforce Investment Act	EMPLOYMENT & TRAINING TOTAL	Title III Aging Planning & Administration	Title III-B Support Services	Title III-C1 Congregate Meals	Title III-C2 Home Delivered Meals
Revenues						
Intergovernmental Revenue	\$ 3,334,668	\$ 3,334,668	\$ 110,748	\$ 348,771	\$ 263,782	\$ 227,410
Local Revenue	2,637	2,637	-	47,761	25,817	40,157
Program Income	-	-	-	10,751	47,260	195
Interest Income	-	-	-	-	-	-
Other Income	1,074	1,074	-	-	-	-
In-Kind Contributions	-	-	-	3,997	141,508	-
Total revenues	3,338,379	3,338,379	110,748	411,280	478,367	267,762
Expenditures						
Personnel	606,034	606,034	68,327	35,405	3,466	-
Contractual Services	1,370,118	1,370,118	-	353,514	473,153	267,713
Client Services/Program Costs	1,039,557	1,039,557	-	3,620	-	49
Travel	18,283	18,283	2,692	244	-	-
Training	3,622	3,622	5,526	246	-	-
Ads, Printing, Publications & Copies	2,237	2,237	817	34	53	-
Equipment Rent and Maintenance	3,475	3,475	544	1,565	-	-
Capital Outlay (Equipment)	22,316	22,316	-	840	-	-
Supplies and Postage	10,685	10,685	793	14	149	-
Telephone	854	854	990	-	-	-
Dues and Registrations	3,832	3,832	351	-	-	-
Other Costs	25	25	219	-	-	-
Rent	22,011	22,011	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	128,327	128,327	14,468	7,497	734	-
Indirect Administration Costs	73,523	73,523	8,289	4,295	420	-
Shared/Common Costs	33,480	33,480	7,732	4,006	392	-
Total expenditures	3,338,379	3,338,379	110,748	411,280	478,367	267,762
Revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	Title III-D Preventive Health	Title III-E Caregiver	Title VII Elder Abuse	Title VII Ombudsman	Nutrition Services Incentive Program "NSIP"	Homecare Administration
Revenues						
Intergovernmental Revenue	\$ 28,417	\$ 128,714	\$ 3,531	\$ 7,203	\$ 76,748	\$ 68,976
Local Revenue	3,426	-	-	-	-	-
Program Income	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	45	-	-	-	-
In-Kind Contributions	1,589	42,920	623	1,271	-	-
Total revenues	33,432	171,679	4,154	8,474	76,748	68,976
Expenditures						
Personnel	5,837	39,543	-	-	-	47,159
Contractual Services	24,428	55,991	4,154	8,374	83,872	-
Client Services/Program Costs	20	-	-	-	-	-
Travel	-	429	-	-	-	61
Training	415	-	-	-	-	450
Ads, Printing, Publications & Copies	-	212	-	-	-	54
Equipment Rent and Maintenance	-	14,632	-	-	-	92
Capital Outlay (Equipment)	-	-	-	-	-	-
Supplies and Postage	128	88	-	-	-	117
Telephone	-	-	-	-	-	-
Dues and Registrations	-	179	-	-	-	-
Other Costs	-	40	-	100	-	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	42,920	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	1,236	8,373	-	-	-	9,986
Indirect Administration Costs	708	4,797	-	-	-	5,721
Shared/Common Costs	660	4,475	-	-	-	5,336
Total expenditures	33,432	171,679	4,154	8,474	83,872	68,976
Revenues over (under) expenditures	-	-	-	-	(7,124)	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	(7,124)	-
Fund balances, beginning of year	-	-	-	-	7,124	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

 COMBINING STATEMENT OF OPERATIONS BY
 PROGRAM AND SUPPORTING SERVICES

Year Ended June 30, 2013

	Homecare Social Services	Homecare Home Delivered Meals	Adult Day Care Administration	Adult Day Care Services	KY Caregiver Support Administration	KY Caregiver Support Grandparent Services
Revenues						
Intergovernmental Revenue	\$ 597,189	\$ 168,787	\$ 12,779	\$ 113,114	\$ 9,779	\$ 107,083
Local Revenue	48,610	25,258	-	-	-	1,875
Program Income	2,322	245	-	6,686	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-
Total revenues	648,121	194,290	12,779	119,800	9,779	108,958
Expenditures						
Personnel	140,960	-	8,637	4,021	6,062	26,491
Contractual Services	438,146	194,290	-	113,300	-	-
Client Services/Program Costs	73	-	-	-	-	69,633
Travel	236	-	10	1	-	-
Training	693	-	265	572	875	450
Ads, Printing, Publications & Copies	578	-	6	-	15	-
Equipment Rent and Maintenance	1,044	-	-	111	-	-
Capital Outlay (Equipment)	-	-	-	-	-	-
Supplies and Postage	189	-	7	-	122	563
Telephone	3,241	-	-	-	-	-
Dues and Registrations	20	-	-	-	-	-
Other Costs	41	-	-	-	-	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	29,848	-	1,829	852	1,284	5,609
Indirect Administration Costs	17,101	-	1,048	488	735	3,214
Shared/Common Costs	15,951	-	977	455	686	2,998
Total expenditures	648,121	194,290	12,779	119,800	9,779	108,958
Revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	CMS-SHIP Administration	CMS-SHIP	PCAP Administration	PCAP Subsidy & Coordination	Aging & Disability Resource Center	Section Q Medicaid Program
Revenues						
Intergovernmental Revenue	\$ 2,526	\$ 51,455	\$ 29,436	\$ 616,550	\$ 7,000	\$ 4,172
Local Revenue	-	2,082	-	10,122	299	199
Program Income	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
In-Kind Contributions	-	-	-	-	-	-
Total revenues	2,526	53,537	29,436	626,672	7,299	4,371
Expenditures						
Personnel	1,688	-	20,288	-	2,544	2,952
Contractual Services	-	50,000	-	626,672	-	-
Client Services/Program Costs	-	-	-	-	-	-
Travel	-	-	56	-	-	-
Training	-	-	-	-	1,521	-
Ads, Printing, Publications & Copies	-	-	14	-	-	-
Equipment Rent and Maintenance	-	482	-	-	1,641	234
Capital Outlay (Equipment)	-	1,289	-	-	-	-
Supplies and Postage	-	854	7	-	458	-
Telephone	-	832	-	-	-	-
Dues and Registrations	85	-	19	-	-	-
Other Costs	-	80	-	-	-	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	357	-	4,295	-	539	553
Indirect Administration Costs	205	-	2,461	-	308	338
Shared/Common Costs	191	-	2,296	-	288	294
Total expenditures	2,526	53,537	29,436	626,672	7,299	4,371
Revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	Improving Arthritis Outcomes	Functional Assessment Service Team	State LTC Ombudsman	Home & Community Based CDO	Traumatic Brain Injury	Service Providers & Elder Abuse Coalition
Revenues						
Intergovernmental Revenue	\$ 3,000	\$ 2,125	\$ 34,264	\$ 1,843,681	\$ 661	\$ -
Local Revenue	4	-	-	-	-	-
Program Income	-	-	-	42,938	-	-
Interest Income	-	-	-	-	-	-
Other Income	-	-	420	-	-	4,785
In-Kind Contributions	-	-	-	-	-	-
Total revenues	3,004	2,125	34,684	1,886,619	661	4,785
Expenditures						
Personnel	94	1,384	-	273,967	457	-
Contractual Services	-	-	31,838	54,072	-	-
Client Services/Program Costs	1,111	-	-	1,394,956	-	-
Travel	4	-	195	355	-	-
Training	1,753	-	-	41	-	-
Ads, Printing, Publications & Copies	-	-	262	1,472	-	1,206
Equipment Rent and Maintenance	-	-	68	4,632	-	-
Capital Outlay (Equipment)	-	-	840	3,458	-	-
Supplies and Postage	-	124	420	3,323	-	239
Telephone	-	-	505	-	-	-
Dues and Registrations	-	-	556	-	-	3,340
Other Costs	-	-	-	247	-	-
Rent	-	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-	-
In-Kind Expenses	-	-	-	-	-	-
Debt Service-Principal	-	-	-	-	-	-
Shared Costs Applied:						
Operational Costs	20	293	-	58,012	96	-
Indirect Administration Costs	11	168	-	33,237	56	-
Shared/Common Costs	11	156	-	31,001	52	-
Total expenditures	3,004	2,125	34,684	1,858,773	661	4,785
Revenues over (under) expenditures	-	-	-	27,846	-	-
Other financing sources (uses):						
Operating transfers in (out)	-	-	-	(27,846)	-	-
RLF principal received (disbursed), net	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	United Way Funds - SHIP	United Way - Nelson Co HDM	Prescription Assistance Program (KPAP)	LT Mental Health & Aging Coalition	SOCIAL SERVICES TOTAL
Revenues					
Intergovernmental Revenue	\$ -	\$ -	\$ 57,688	\$ 28	\$ 4,925,617
Local Revenue	1	-	219	-	205,830
Program Income	-	-	-	-	110,397
Interest Income	-	-	-	-	-
Other Income	2,940	5,426	-	-	13,616
In-Kind Contributions	-	-	-	-	191,908
Total revenues	2,941	5,426	57,907	28	5,447,368
Expenditures					
Personnel	1,036	965	1,852	-	693,135
Contractual Services	-	4,029	43,332	-	2,826,878
Client Services/Program Costs	-	-	-	-	1,469,462
Travel	-	-	7,528	-	11,811
Training	-	-	2,332	-	15,139
Ads, Printing, Publications & Copies	18	-	254	-	4,995
Equipment Rent and Maintenance	-	-	116	-	25,161
Capital Outlay (Equipment)	-	-	-	-	6,427
Supplies and Postage	1,153	-	1,667	-	10,415
Telephone	271	-	-	-	5,839
Dues and Registrations	-	-	-	-	4,550
Other Costs	-	-	-	28	755
Rent	-	-	-	-	-
Insurance & Bond Expense	-	-	-	-	-
In-Kind Expenses	-	-	-	-	42,920
Debt Service-Principal	-	-	-	-	-
Shared Costs Applied:					
Operational Costs	220	205	392	-	146,698
Indirect Administration Costs	126	118	225	-	84,069
Shared/Common Costs	117	109	209	-	78,392
Total expenditures	2,941	5,426	57,907	28	5,426,646
Revenues over (under) expenditures	-	-	-	-	20,722
Other financing sources (uses):					
Operating transfers in (out)	-	-	-	-	(27,846)
RLF principal received (disbursed), net	-	-	-	-	-
Net change in fund balances	-	-	-	-	(7,124)
Fund balances, beginning of year	-	-	-	-	7,124
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT
**COMBINING STATEMENT OF OPERATIONS BY
PROGRAM AND SUPPORTING SERVICES**

Year Ended June 30, 2013

	SPECIAL REVENUE FUND TOTAL - GRANTS MANAGEMENT BASIS	GENERAL FUND TOTAL - GRANTS MANAGEMENT BASIS	SHARED COST ALLOCATION	GOVERNMENTAL FUNDS TOTAL - GRANTS MANAGEMENT (BUDGET) BASIS	GRANTS MANAGEMENT BASIS TO FUND BASIS CONVERSION	GOVERNMENTAL FUNDS TOTAL (after conversion)
Revenues						
Intergovernmental Revenue	\$ 8,948,243	\$ 179,717	\$ -	\$ 9,127,960	\$ -	\$ 9,127,960
Local Revenue	272,860	56,366	-	329,226	-	329,226
Program Income	110,397	-	-	110,397	-	110,397
Interest Income	12,377	8,234	-	20,611	-	20,611
Other Income	14,869	14,411	-	29,280	-	29,280
In-Kind Contributions	191,908	-	-	191,908	(42,920)	148,988
Total revenues	9,550,654	258,728	-	9,809,382	(42,920)	9,766,462
Expenditures						
Personnel	1,673,528	104,362	530,521	2,308,411	170	2,308,581
Contractual Services	4,383,666	37	19,600	4,403,303	-	4,403,303
Client Services/Program Costs	2,512,273	16	-	2,512,289	-	2,512,289
Travel	32,214	933	47,428	80,575	-	80,575
Training	21,981	-	356	22,337	-	22,337
Ads, Printing, Publications & Copies	10,540	1,873	5,119	17,532	-	17,532
Equipment Rent and Maintenance	38,124	817	6,448	45,389	-	45,389
Capital Outlay (Equipment)	30,494	-	-	30,494	13,947	44,441
Supplies and Postage	24,619	2,080	13,878	40,577	-	40,577
Telephone	7,656	1,534	12,921	22,111	-	22,111
Dues and Registrations	13,319	11,881	22,158	47,358	-	47,358
Other Costs	1,094	17,916	17,002	36,012	(14,402)	21,610
Rent	22,011	-	69,715	91,726	-	91,726
Insurance & Bond Expense	-	-	13,094	13,094	-	13,094
In-Kind Expenses	42,920	-	-	42,920	(42,920)	-
Debt Service-Principal	-	-	-	-	1,050	1,050
Shared Costs Applied:						
Operational Costs	354,271	22,196	(376,467)	-	-	-
Indirect Administration Costs	203,006	12,683	(215,689)	-	-	-
Shared/Common Costs	154,224	11,860	(166,084)	-	-	-
Total expenditures	9,525,940	188,188	-	9,714,128	(42,155)	9,671,973
Revenues over (under) expenditures	24,714	70,540	-	95,254	(765)	94,489
Other financing sources (uses):						
Operating transfers in (out)	(27,890)	27,890	-	-	-	-
RLF principal received (disbursed), net	-	-	-	-	35,045	35,045
Net change in fund balances	(3,176)	98,430	-	95,254	34,280	129,534
Fund balances, beginning of year	437,651	1,176,600	-	1,614,251	(247,619)	1,366,632
Fund balances, end of year	\$ 434,475	\$ 1,275,030	\$ -	\$ 1,709,505	\$ (213,339)	\$ 1,496,166

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2013

	CFDA Number	Grant Number	Federal Award Expended
<u>U.S. Department of Commerce</u>			
<u>Economic Development Administration</u>			
<u>Passed-through State Department: Economic Development Administration</u>			
Economic Development - Support for Planning Organizations	11.302	1300000333	\$69,500
<u>Direct Received Funds</u>			
Economic Adjustment Assistance	11.307	04-39-03494	334,249
<u>Passed-through Local Sources</u>			
Economic Adjustment Assistance - City of Leitchfield EDA	11.307	04-79-06542	6,757
			<u>341,006</u>
<u>National Telecommunications and Information Administration</u>			
<u>Passed-through Green River Area Development District</u>			
State Broadband Data and Development Grant Program	11.558	n/a	8,333
Total U.S. Department of Commerce			<u>418,839</u>
<u>U.S. Department of Defense</u>			
<u>Office of Economic Adjustment</u>			
<u>Direct Received Funds</u>			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation Ft. Knox Grant FY13	12.607	RA0677-10-05	54,294
Total U.S. Department of Defense			<u>54,294</u>
<u>U.S. Department of Housing and Urban Development</u>			
<u>Office of Community Planning and Development</u>			
<u>Passed-through State Department: Community Planning and Development</u>			
Community Development Block Grant - JFA	14.228	1300000333	18,500
<u>Passed-through Local Sources</u>			
Community Development Block Grants - State Program	14.228	n/a	45,094
Total U.S. Department of Housing and Urban Development			<u>63,594</u>
<u>U.S. Department of Labor</u>			
<u>Employment and Training Administration</u>			
<u>Passed-through Kentucky Education Cabinet: Department for Workforce Investment</u>			
<u>Office of Employment & Training</u>			
Trade Adjustment Assistance	17.245	205BE10	153,550
Trade Adjustment Assistance	17.245	205BE12	146,048
			<u>299,598</u>
<u>Office of Employment & Training</u>			
WIA Adult Program	17.258 a	270AD12	2,378
WIA Adult Program	17.258 a	273AD12	391,372
WIA Adult Program	17.258 a	270AD13	42,187
WIA Adult Program	17.258 a	273AD13	376,207
WIA Adult Program	17.258 a	270SR11	491
<u>Passed-Through Bluegrass Area Development District</u>			
WIA Adult Program	17.258 a	n/a	21,096
<u>Passed-Through Kentuckiana WORKS</u>			
WIA Adult Program	17.258 a	n/a	44,010
			<u>877,741</u>
<u>Office of Employment & Training</u>			
WIA Youth Activities	17.259 a	274SR11	19,160
WIA Youth Activities	17.259 a	274YT12	236,515
WIA Youth Activities	17.259 a	274YT13	238,174
WIA Youth Activities	17.259 a	274YT14	8,860
			<u>502,709</u>
<u>Office of Employment & Training</u>			
WIA Dislocated Workers	17.260 a	258BR09	665,744
<u>Passed-Through Lake Cumberland Area Development District</u>			
WIA Dislocated Workers	17.260 a	n/a	26,000
			<u>691,744</u>
<u>Office of Employment & Training</u>			
WIA Dislocated Worker Formula Grants	17.278 a	272DW12	115,639
WIA Dislocated Worker Formula Grants	17.278 a	271RR11	1,712
WIA Dislocated Worker Formula Grants	17.278 a	271DW12	369,506
WIA Dislocated Worker Formula Grants	17.278 a	271SR11	46,065
WIA Dislocated Worker Formula Grants	17.278 a	272DW13	20,717
WIA Dislocated Worker Formula Grants	17.278 a	271CM12	75,000
WIA Dislocated Worker Formula Grants	17.278 a	271DW13	54,153
<u>Passed-Through Bluegrass Area Development District</u>			
WIA Dislocated Worker Formula Grants	17.278 a	n/a	42,192
			<u>724,984</u>
<u>a - Department of Labor - WIA Cluster</u>			<u>2,797,178</u>
Total U.S. Department of Labor			<u>3,096,776</u>

See notes to Schedule of Expenditures of Federal Awards.

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2013

	CFDA Number	Grant Number	Federal Award Expended
<u>U.S. Department of Transportation</u>			
<u>Federal Highway Administration</u>			
<u>Passed-Through Kentucky Transportation Cabinet</u>			
Highway Planning and Construction:			
Metropolitan Planning Organization	20.205	1200004777	89,120
Metropolitan Planning Organization- Public Implementation Transportation Study	20.205	1300000042	18,160
<u>Passed-Through Hardin County Fiscal Court</u>			
Metropolitan Planning Organization - Historic Glendale Comm. Enhancement	20.205	n/a	7,500
			<u>114,780</u>
<u>Federal Transit Administration</u>			
<u>Passed-Through Kentucky Transportation Cabinet</u>			
Metropolitan Planning Organization	20.505	G03MP03Z	11,600
Total U.S. Department of Transportation			<u>126,380</u>
<u>Appalachian Regional Commission</u>			
<u>Passed-through State Department: Economic Development Administration</u>			
<u>Passed-Through Lake Cumberland Area Development District</u>			
Appalachian Regional Development	23.001	n/a	137,512
Total Appalachian Regional Commission			<u>137,512</u>
<u>Delta Regional Authority</u>			
<u>Passed-Through Pennyryle Area Development District</u>			
Delta Regional Development - Appalachian Regional Development	90.200	n/a	66,000
Total Delta Regional Authority			<u>66,000</u>
<u>U.S. Department of Health and Human Services</u>			
<u>Administration for Community Living</u>			
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>			
Special Programs for the Aging:			
Title VII Elder Abuse Prevention	93.041	PON2 725 1200001048 2	3,531
Title VII Ombudsman Services	93.042	PON2 725 1200001048 2	7,203
Title III-D Disease Prevention-Health Promotion	93.043	PON2 725 1200001048 2	15,975
Title III-B Supportive Services	93.044 b	PON2 725 1200001048 2	333,775
Title III-C Nutrition Services	93.045 b	PON2 725 1200001048 2	377,154
Title IV and Title II Discretionary Projects - Aging & Disability Resource Center	93.048	PON2 725 1200001048 2	7,000
Title III-E National Family Caregiver Support	93.052	PON2 725 1200001048 2	141,237
Nutrition Services Incentive Program (NSIP)	93.053 b	PON2 725 1200001048 2	83,872
<u>b - Department of Health and Human Services - Aging Cluster</u>			<u>794,801</u>
<u>Centers for Disease Control and Prevention</u>			
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>			
Public Health Emergency Preparedness - Functional Assessment Service Teams	93.069	PON2 725 1200001048 2	2,126
<u>Office of the Secretary</u>			
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>			
Medicare Enrollment Assistance Program - Money Follows the Person	93.071	PON2 725 1100002150 2	4,172
<u>Centers for Medicare and Medicaid Services</u>			
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>			
Medical Assistance Program - Consumer Directed Options	93.778	PON2 725 1200001048 2	134,400
CMS Research, Demo. & Evaluations - Benefits Counseling	93.779	PON2 725 1200001048 2	53,981
<u>Centers for Disease Control and Prevention</u>			
<u>Passed-through Kentucky Cabinet for Health and Family Services</u>			
Assistance Programs for Chronic Disease Prevention and Control	93.945	PON2 725 1200001048 2	3,000
Total U.S. Department of Health and Human Services			<u>1,167,426</u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued

Year ended June 30, 2013

	CFDA Number	Grant Number	Federal Award Expended
<u>U.S. Department of Homeland Security</u>			
<u>Pre-Disaster Mitigation Program Competitive Grant</u>			
<u>Passed Through Kentucky Division of Emergency Management</u>			
<u>Passed Through Breckinridge County</u>			
Pre-Disaster Mitigation	97.039	HMGP-DR-1818-0014	11,423
<u>Passed Through Breckinridge County</u>			
Pre-Disaster Mitigation	97.039	HMGP-DR-1818-0014	3,586
<u>Passed Through Marion County</u>			
Pre-Disaster Mitigation	97.039	HMGP-DR-1818-0150	4,299
<u>Passed Through City of Muldraugh</u>			
Pre-Disaster Mitigation	97.039	HMGP-DR-1802-0013	3,813
			<u>23,121</u>
<u>Homeland Security Grant Program</u>			
<u>Passed Through Kentucky Office of Homeland Security</u>			
Homeland Security Grant Program-Mobile Radios	97.067	P02 094 1200003025 1	87,220
Homeland Security Grant Program-Breckinridge Communication Repeaters	97.067	P02 094 1200002970 1	21,420
Homeland Security Grant Program-Citizen Corp Program FY12	97.067	P02 094 1200002699 3	314
Homeland Security Grant Program-Citizen Corp Program FY13	97.067	P02 094 1300001755 1	12,262
			<u>121,216</u>
			<u>144,337</u>
Total U.S. Department of Homeland Security			<u>144,337</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$5,275,158</u></u>

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Lincoln Trail Area Development District and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements.

Note 2 – Revolving Loan Fund:

The District administers a Revolving Loan Fund. The federal grant award dated October 31, 1987 was \$500,000. Loan values, RLF cash balances, current year administrative expenses and loans written off, in lieu of expenditures, are used in determining major program status, and are as follows: Loans outstanding \$285,300; Cash balance \$152,004; Administrative expenses \$8,361; Loans written off \$0; 75% federal portion \$334,249.

Note 3 – Sub-Recipients:

Of the federal expenditures presented in the schedule, Lincoln Trail Area Development District provided federal awards to the following sub-recipients:

Program Title	Sub Recipient	Amount Provided
Aging	CKCAC	\$ 280,479
	Dietary Consultants, Inc.	10,802
	Legal Aid Society, Inc.	2,948
	Lifeline Homecare Inc.	181,173
	Purfoods, LLC	192,466
	Transit Authority of Central KY	55,528
	VNA Nazareth Home Health	10,911
	Subtotal	734,307
Community and Economic Development	Heartland Communication Consultants, Inc.	6,750
Transportation	The Corradino Group, Inc.	17,025
Workforce Investment Act	Bardstown Radio Team	3,994
	ERISS	533,077
	FET Engineering	18,000
	Flex Film	2,293
	Fuel Total Systems	30,837
	Hardin Co. Fiscal Court	43,138
	Heartland Communications Consultations, Inc.	132,990
	Hometown Wireless	5,000
	Limestone Branch Distillers	6,570
	Metalsa	57,510
	Montebello Packaging	24,012
	NPR of America	38,823
	Preston Osborne	36,704
	R.A.M.P.	7,782
	SAH, LLC	5,000
	Start Me Up Workshop	2,888
	Thomas P. Miller	421,500
	Subtotal	1,370,118
Total Funds Passed Thru to Subrecipients		\$ 2,128,200

Clauson, Mouser & Co., PSC

CERTIFIED PUBLIC ACCOUNTANTS

KENNETH D. CLAUSON, CPA
SUSAN C. MOUSER, CPA

MELISSA S. MARTIN, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Advocacy & Support Center, Inc.
Elizabethtown, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Advocacy & Support Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Advocacy & Support Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Advocacy & Support Center, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Advocacy & Support Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
December 10, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Lincoln Trail Area Development District

Report on Compliance for Each Major Federal Program

We have audited Lincoln Trail Area Development District (LTADD)'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LTADD's major federal programs for the year ended June 30, 2013. LTADD's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LTADD's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LTADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of LTADD's compliance.

Opinion on Each Major Federal Program

In our opinion, LTADD, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of LTADD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LTADD's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LTADD's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Clauson Houser & Co.".

Certified Public Accountants

December 18, 2013

LINCOLN TRAIL AREA DEVELOPMENT DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS and PRIOR AUDIT FINDINGS**

June 30, 2013

Section I - Summary of Auditor's Results*Financial Statements*

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐yes ☒none reported

Noncompliance material to financial statements noted? ☐yes ☒no*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐yes ☒no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐yes ☒none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? ☐yes ☒no

Identification of major programs:

- 17.258 WIA Adult Program
- 17.259 WIA Youth Activities
- 17.260 WIA Dislocated Workers
- 17.278 WIA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between type A and type B programs: \$300,000.

Auditee qualified as low-risk auditee? ☒yes ☐no**Section II - Financial Statement Findings**

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

There were no prior audit findings.